

12/8/99
S.A.

G. DUKES SCOTT
EXECUTIVE DIRECTOR

P.O. Box 11263
Columbia, S.C. 29211

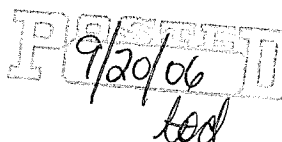


Phone: (803) 737-0800
Fax: (803) 737-0801

DAN F. ARNETT
CHIEF OF STAFF

September 20, 2006

Charles L.A. Terreni, Esquire
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Dr., Suite 100
Columbia, SC 29210



RECEIVED
2006 SEP 20 PM 2:54
SC PUBLIC SERVICE
COMMISSION

Re: Application of United Utility Companies, Incorporated for Adjustment of Rates and Charges and Modification to Certain Terms and Conditions for the Provision of Water and Sewer Service
Docket No. 2006-107-WS

Dear Mr. Terreni:

The purpose of this letter is to declare the intent of the South Carolina Office of Regulatory Staff ("ORS") as requested by the Commission's Directive issued on September 8, 2006 ("Directive").

The Directive rejects the August 23, 2006, Settlement Agreement ("Settlement Agreement") between ORS, United Utility Companies, Inc. ("United"), North Greenville University and Greenville Timberline South Carolina, LLC (collectively "the parties") on the grounds that "the Commission has not been presented with sufficient information to satisfy itself that the proposed rates and terms of this settlement are just and reasonable." The Directive provides the parties with two options which are as follows: (1) withdraw the settlement agreement and stipulated testimony and proceed to a final hearing in this matter or (2) propose the settlement in lieu of the Company's original application.

If the Hearing Officer's interpretation of the Commission's directive for United is the same as that put forth in the CWS matter, ORS would assert that it has presented to the Commission all evidence that it believes is necessary for the Commission to issue an order on the Settlement Agreement, no additional evidence in the docket is needed inasmuch as ORS would not offer any evidence beyond that already presented to the Commission, and therefore no further hearing is necessary.¹

¹ ORS notes that North Greenville University ("NGU") does not seek a hearing in this matter but reserves "its right to set forth specific objections, if any, to the Directive in a petition for reconsideration filed by any party in this matter."

RETURN DATE: 2/14
SERVICE: OK led

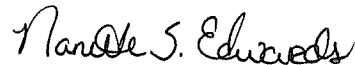
September 20, 2006

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As such, ORS respectfully declines to accept either option provided by the Directive. ORS submits that the Settlement Agreement is just and reasonable and the parties have presented to the Commission sufficient evidence to support that conclusion.

Because the Directive is not an order, ORS reserves its right to set forth its objections to the Directive in its petition for reconsideration within the time period allowed after receipt of the Commission's final order.

Very truly yours,

A handwritten signature in cursive script that reads "Nanette S. Edwards".

Nanette S. Edwards

cc: John M.S. Hoefler, Esquire
Benjamin P. Mustian, Esquire
Duke K. McCall, Esquire
Rebecca H. Zabel, Esquire
George K. Lyall, Esquire
Jacqueline H. Patterson, Esquire
Shannon Bowyer Hudson, Esquire